FAS RELEASE

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Foreign Agricultural Service
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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE WR 22-80

WASHINGTON, Oct. 16--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In the EUROPEAN COMMUNITY (EC), this year's record high grain harvest of over 67 million tons has placed pressure on the EC Commission to adopt measures to remove the surplus grain from the market because of depressed prices. Major Commission options at this time include moving grain into intervention or other types of storage, or expanding the quantity of grain to be moved into export. At least 2.5 million tons of wheat has been accepted in intervention stocks, and more grain is likely to be accepted in the near future. In a related move, the Commission reportedly decided to provide storage aid for privately stored wheat located in certain areas which are heavily burdened by oversupply. The first of these payments will probably go to Germany's Schleswig-Holstein wheat-producing area and are anticipated to begin in mid-October.

EC grain exports are considered likely to hit a record high in the 1980/81 marketing season. Indications that the EC has adopted an aggressive export policy include the opening of the export tender program in late June, some two to three months earlier than usual, and the recent reported increase of the quota allocated for wheat exports to Eastern Europe. This quota has been doubled from the 500,000-ton level established at the start of the new restitution program. In addition, relatively high international prices have reduced the gap between world and internal EC levels. Thus, the subsidy required to make EC grains competitive on the world market has been reduced.

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Brazil has instituted a series of planned price hikes for domestic wheat to bring mill prices in line with import prices by 1982. The government has been subsidizing wheat since mid-1972.

The first increase came on Sept. 21, when the government began selling wheat to domestic mills at CR $2,716.94 (about US $48) per ton, or 74 percent above the price in effect during the preceding 21 months. An additional increase is expected at the end of October. These price increases are intended to reduce by 23 percent the wheat subsidy to consumers--originally estimated at US $1.1 billion for calendar 1980.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

Before mid-1972, mills paid a higher price for wheat than the landed import price. The difference was used to support domestic producer prices. However, since 1972 both the price of imported wheat and the Brazilian producer support price have risen faster than the price the government has been charging mills.

With last year's production of some 2.9 million tons and estimated domestic consumption of about 7.1 million tons, Brazil will need to import 4.2 to 4.4 million tons in calendar 1980. However, the level of imports next year will depend on the wheat crop that will be harvested, as well as the extent to which the reduced wheat subsidy might dampen the rate of increase in domestic use. Brazil's wheat consumption has increased an average of 7 percent each year for the past several years. Domestic use should continue to increase and imports of 4.5 to 5 million tons might be possible in 1981.

OILSEEDS & PRODUCTS

The UNITED KINGDOM'S combined imports of soybeans and meal from all destinations during the eleven months ending Aug. 31 gained 4.9 percent, while imports from the United States alone gained 21.2 percent, according to the U.S. agricultural counselor in London. U.K. imports of soybeans and meal during October-August 1979/80, with comparisons, were as follows in 1,000 tons:

	1978/79	1979/80
Soybeans:		
from the United States	799.4	1087.6
from other countries	105.9	4.8
Total	905.3	1092.4
Soybean meal:		
from the United States	278.7	243.5
from other countries	323.8	275.5
Total	602.5	519.0
Soybeans and meal (meal basis)		
from the United States	914.2	1108.1
from other countries	408.0	279.3
Total	1322.2	1387.4

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INDIA'S five-year plan (1980-85), which was approved by the National Development Council on Aug. 30-31, places special emphasis on stepping up output of oilseeds and pulses and substantially increasing outlays to strengthen the transportation system. The achievement of these goals could be hampered by transport bottlenecks and shortages or key inputs. The plan will be partially financed by returns from public sector enterprises and reduction of subsidies, particularly on fertilizers, food and exports.

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DAIRY, LIVESTOCK & POULTRY

The council and committees on dairy products of the INTERNATIONAL DAIRY ARRANGEMENT under the General Agreements of Tariff and Trade (GATT) recently raised the minimum prices on milk powders, butter and cheese by token amounts. These minimum prices are safeguard levels and well below market or support prices for most countries. The token increases were made to slightly narrow the widening gap between the minimum prices and very strong world market prices. Increases for major products covered by the arrangement are as follows in dollars per ton: Nonfat dried milk, from $425 to $500; whole milk powder, from $725 to $800 and butter, from $925 to $1,000.

The United States, the European Community, and most major dairy-producing countries are signatories and members of the International Dairy Arrangement.

TOBACCO

NEW ZEALAND'S plans to move toward a market-oriented economy would bring several changes in its tobacco industry. Government financed loans for industry purchases of tobacco, at an annual cost of approximately NZ$13 million, would be discontinued, and domestic use requirements, which currently ensures a minimum of 30 percent domestic leaf in manufactured products would be phased out. About 41 percent domestic leaf is actually used. Other proposals to reduce government costs would be phased in over a five-year period. Among them, manufacturers would not be required to notify producers of future requirements or be committed to minimum purchases. An additional proposal would end price controls and import licensing of cigarettes and tobacco imports.

In response to these proposals, some producers are establishing a cooperative, which will enable them to reduce tobacco prices by NZ$2 a kilogram through tax reductions. Still other tobacco farmers have begun a shift to horticultural products. The transition to these crops may be encouraged by government programs. If these proposals are implemented, imports of high quality tobacco from the United States, Brazil, Taiwan, or Australia are expected to increase.

HORTICULTURAL AND TROPICAL PRODUCTS

WORLD COCOA bean production for 1980/81 (Oct.-Sept.) is forecast at 1.63 million tons, slightly above the record 1979/80 harvest of 1.61 million tons. Reflecting less favorable growing conditions, African production is expected to drop by about 3.4 percent to 970,900 tons from 1,005,400 tons a year earlier. However, this decline is expected to be offset by record crops in Brazil and Malaysia. Based on past performance, the chances are two out of three that the actual final outturn will not vary more than 5.5 percent from this first estimate of 1980/81 world production.

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World cocoa bean grindings in 1981 are forecast to be well below production levels, indicating a buildup in world stocks for the fourth consecutive year. Continued use of cocoa substitutes and extenders, high sugar prices, and the economic slowdown in consuming countries are curtailing demand, despite declining cocoa prices.

Producers and consumers are scheduled to meet in Geneva Oct. 27 to Nov. 7 to negotiate a new International Cocoa Agreement. The old Agreement terminated March 31, 1980, after a six-month extension.

Crop estimates in thousands of tons, for the principal producing countries, with 1979/80 data in parentheses, are as follows; Ivory Coast 360 (360), Brazil 325 (290), Ghana 280 (295), Nigeria 160 (175), Cameroon 120 (122), Ecuador 96 (97), Malaysia 40 (34), Mexico 38 (36), Colombia 35 (34), Dominican Republic 32 (29), and Papua New Guinea 30 (30).

More detailed information will be contained in Foreign Agriculture Circular FCB 3-80 to be released Nov. 10.

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The Council of the INTERNATIONAL COFFEE ORGANIZATION (ICO) reached an agreement on Oct. 3 on a package of measures designed to activate the economic provisions of the International Coffee Agreement of 1976, including the enforcement of export quotas.

An initial, annual global quota of 57.37 million bags for international coffee year 1980/81, beginning Oct. 1, 1980, was assigned to 43 producing countries. The global quota is subject to three, 1.4-million-bag cuts as the price falls below the \$1.35 midpoint of a \$1.15-to \$1.55- price range. These cuts are restored, and the quota expanded three times, as the price rises from \$1.20 to \$1.55 per pound and above. Quota cuts are made on the basis of a twenty-market-day moving average indicator price. Because the indicator price is now between \$1.35 and \$1.20, the global quota is currently 56 million bags.

In order to gain U.S. acceptance for the package, the Bogota Group of Latin American coffee producers agreed to discontinue the market intervention activities of its trading arm, PANCAFE, within one year. Progress toward liquidation of PANCAFE's physical and futures market positions will be monitored through the office of the ICO's executive director.

Although the agreement was approved by consensus, the French African OAMCAF group of countries (Cameroon, Ivory Coast and Madagascar), as well as Ecuador and Papua New Guinea would not have favored the agreement if a vote had been taken.

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In SOUTH AFRICA, ideal weather and more bearing trees raised the 1980 canned deciduous fruit pack by 22 percent. In AUSTRALIA, however, lower apricot and pear crops were largely responsible for a 4-percent drop in that country's overall pack. According to latest estimates, the canned fruit packs, in 1,000 standard cases, are as follows:

	South Africa		Australia	
	1980	1979	1980	1979
Apples	300	284	---	---
Apricots	1,250	925	341	640
Fruit mixtures	2,400	2,130	1,515	1,366
Pears	1,700	1,595	2,716	2,923
Peaches	6,400	5,347	2,669	2,589
Total	12,050	10,281	7,241	7,518

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JAPAN'S honey output in 1980 is about 2,000 tons below a year earlier. The spring flowering of Chinese milk-vetch and Mikan oranges was poor because of low temperatures and rainy weather. Although Japan entered the 1980 season with larger than usual honey stocks, these stocks will be drawn down to make up for the scarcity of honey imports from Argentina, Japan's second most important source after China in 1979.

In 1980, the Ministry of Agriculture estimates that Japan has a total of nearly 11,000 beekeepers with 7,000 of these classified as commercial. The average number of colonies held by commercial and non-commercial beekeepers is 43.8 and 3.6 colonies, respectively.

The Japanese Government continues to foster the growing of Chinese milk-vetch instead of rice. Milk-vetch plantings, under the program, increased from 1,498 hectares in 1978 to 1,974 hectares in 1979.

During the first six months of 1980, Japan's honey imports by country of origin, were as follows in tons, compared with the same period of 1979:

	1979	1980
China	5,664	6,540
USSR	969	1,110
Argentina	4,525	953
Hungary	245	200
New Zealand	304	179
United States	125	134
Other	452	128
Total	12,284	9,244

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ARGENTINA'S grape production for 1979/80 has been officially estimated at 3.25 million tons, 250,000 tons below the 1978/79 harvest. Hail and excessive rains in February affected quality and yields in the two major producing provinces of Mendoza and San Juan. Late frosts in November 1979 also reduced yields in Rio Negro province, the third largest producing area. Area, production and yields for the 1978/79 and 1979/80 seasons are as follows:

	Area in hectares		Yield in kg/ha		Production in tons	
	1979/80	1978/79	1979/80	1978/79	1979/80	1978/79
Mendoza	246,000	247,000	9.02	9.37	2,220,000	2,315,000
San Juan	60,100	60,600	13.81	14.92	830,000	904,000
Rio Negro	14,750	14,700	3.19	7.08	47,000	104,000
Other	17,150	18,700	8.92	9.47	153,000	177,000
Total	338,000	341,000	9.62	10.26	3,250,000	3,500,000

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INDIA'S 1980/81 total outturn of raw jute and kenaf is reported at 8 million bales (180 kilograms per bale) from about 1.233 million hectares, including 6.1 million bales of jute and 1.9 million bales of mesta (kenaf). This outturn nearly matches the 8.03 million bales harvested from 1.227 million hectares in 1979/80. However, the quality of this year's fiber is reported to be of a higher grade than that of the preceding year.

Exports of jute goods during 1979/80 (April-March) totaled 396,100 tons, an increase of 28 percent above the 1978/79 revised total of 310,200 tons. The U.S. agricultural counselor in New Delhi reports that prospects of jute goods exports during 1980/81 could decline somewhat because of stiff competition from Bangladesh and China.

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CHINA reportedly is negotiating with U.S. and Japanese investors for construction of a jute carpet backing mill in Canton with a capacity of 200 broadlooms. Under the project, weaving of 1,500 rolls of carpet backing per month is scheduled to begin in early 1981.

China has become more competitive with India and Bangladesh in the world jute market, and recently obtained a large order for 5 million burlap sacking bags from Sri Lanka at $56 per 100 bags. Reportedly, the price offered by China was much lower than those quoted by India and Bangladesh, the traditional suppliers to Sri Lanka.

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JAPAN'S first estimate of the 1980/81 satsuma (mandarin or unshu mikan) crop is 2,987,000 tons, down 17 percent from last season's harvest. The decline is attributed to a 6-percent reduction in the number of bearing trees, less favorable growing conditions, and an off-year in the alternate year bearing pattern of the fruit. Satsumas account for about 85 percent of Japan's citrus production.

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In CANADA, seed potato exports have been threatened by a pest infestation first found in the Saanich area of Vancouver Island in 1965. To contain the pest on Vancouver Island, a golden nematode control program has been announced. The new regulations, which are designed to strengthen those already in effect, will prohibit the growing of potatoes on 800 acres in the Central Saanich quarantine zone after next year's growing season. The remaining farm land will continue to be carefully monitored. The six potato farmers in the banned area will receive federal compensation for loss of production and redundant equipment and provincial assistance in switching to alternate crops.

INTERNATIONAL WEATHER AND CROP SUMMARY, OCTOBER 6-12

EUROPE--Wet weather returned to most of Europe last week, with below-normal precipitation only in Spain, East Germany, western Poland, and eastern Romania. Heaviest totals fell in or near mountainous areas, causing some flooding. Harvest activities in most countries were disrupted, but the weather in recent weeks had allowed substantial harvesting to be completed. Winter grain fields already seeded in the north benefited from this new moisture. Even though winter grain sowing across some central areas may have been disrupted, the moisture was needed for autumn development before dormancy. South-central areas benefited most from the rains. Although persistent dryness in Spain and much of Romania may be causing some concern, much time remains before sowing must be done.

USSR--Major storms were held to the west, leaving most of European USSR relatively cold and dry. Above-normal rainfall in the west was accompanied by relatively warm temperatures, but winter grain harvesting in the northwest made little progress. Much of the grain remaining in the fields will probably go unharvested. September rainfall in the northwest dipped below normal, but the frequency of the rains prevented a successful harvest. Above-normal September rainfall in southeastern winter grain areas delayed sowing activity late in the month, and now cooler-than-normal conditions have slowed development. Last week, scattered frost pushed southward nearly to the Black Sea; winter hardiness may be a problem if sufficient growth does not occur.

With the spring grain harvest essentially finished in the New Lands, the weather cleared even more across the north. September had been relatively wet in the northwestern portion, but no serious harvesting problems developed. Relatively wet weather last week across the south and in the east served to increase soil moisture reserves, and snow is accumulating in the east. Only scattered showers thus far in the cotton harvest areas to the south have not caused any substantial problems. (Weekly coverage of the New Lands will cease next week, and will begin again next spring.)

EASTERN ASIA--Two storms produced much-above-normal precipitation last week over most of the North China Plain. Although the wetness hindered harvest activities still in progress, it benefited newly-sown winter wheat. Some portions of the wheat belt had received little rainfall in September, and these latest totals exceeded the normal for the month of October over most of the belt. Wheat in most areas should require very little additional irrigation before dormancy. In southern Hebei, the 15 to 25 mm of rain benefited the wheat immensely. Dry weather persisted in southern China

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where most areas have stayed relatively dry since early September. However, irrigation water supplies should be quite adequate for the late rice crop. In South Korea, rice harvest areas in the southeast caught the fringes of Typhoon Wynne over the weekend. Rainfall of 50 to 60 mm over much of the area ranged up to four times the normal amount. Most rice areas received above-normal rainfall for the second consecutive week, worsening prospects for the crop. September had shown a turn for the better, with two relatively dry weeks at the end, allowing rice harvesting to begin.

SOUTH ASIA--Showers in parts of the winter wheat belt in northern India improved sowing conditions. A large portion of the belt became too dry in September as the monsoon withdrew early. Additional rainfall would be welcomed, especially for unirrigated fields, but planting deadlines remain distant, and irrigation water is more plentiful this year. Precipitation elsewhere fell in a normal pattern. Peninsular rains tended to be above normal along the coasts and slightly below normal inland, the reverse of the September pattern. Showers in Bangladesh and northeastern India dropped below-normal amounts, but moisture for the winter-harvested rice (Nov.-Dec.) remains quite adequate.

NORTHWESTERN AFRICA--September rainfall occurred mostly over non-agricultural areas, but in October substantial amounts have fallen. Last week, only light rains fell in Morocco and western Algeria, but some broad agricultural areas in Tunisia and eastern Algeria received continued rains. Winter grain sowing normally begins in October, but may be delayed until late December, if necessary.

CANADA--Dry weather provided favorable conditions for the grain harvest in the Canadian Prairies. Isolated showers fell only during the latter part of the week. Harvesting is most advanced and nearing completion in Saskatchewan, where below-normal rainfall occurred in September. In both Alberta and Manitoba, the above-normal monthly rainfall in September delayed crop maturity.

AUSTRALIA--Southeastern Australia received substantial rainfall again last week. Weekly totals averaged 10 to 25 mm with a maximum of 50 mm in northwest Victoria. The wheat crop, which is heading and early grain-filling, should benefit from this additional moisture since rainfall in September was below-normal. However, most of New South Wales and West Australia, the two major wheat-producing areas received minimal rainfall. Above-normal temperatures and insufficient soil moisture from August through September have created adverse growing conditions in these two areas. The wheat crop is extremely susceptible to injury from moisture stress and heat during the heading stage. Such weather conditions often hasten crop maturity and cause incomplete formation of grain kernels. In Queensland, a broad band of showers produced over 10 mm of rain in the wheat areas. This moisture may be too late for the wheat crop, but it should benefit spring-sown crops.

SOUTH AFRICA--The summer crops, which will be planted within the next several weeks, will require a good moisture supply for emergence and early vegetative growth. Although above-normal rains fell in the Orange Free State and in the Transvaal in September, only scattered showers have fallen during the past two weeks. Thus, conditions may not yet be favorable for spring sowing until a more widespread shower pattern develops, indicating the onset of the wet season.

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SOUTHEAST ASIA--The frequency of dry days is increasing in Thailand, which indicates that the monsoon is withdrawing from Southeast Asia. However, a tropical disturbance passed over northern Vietnam into Thailand last week, producing near-normal rainfall throughout the major crop areas. The heavy rains from remnants of typhoons crossing over Indochina in September and early October have caused rivers to overflow and waterlogged fields in the Central Plains. Excessive moisture during late stages of crop growth can delay maturity; therefore, adequate drainage of water-logged fields may become an important factor, if tropical disturbances follow the same track over the next few weeks.

SOUTH AMERICA--The wheat area of Argentina was relatively dry except for scattered thundershower activity over southwestern Buenos Aires Province and south-eastern La Pampa. Growing conditions are unfavorable in La Pampa, Cordoba and Santa Fe as much-below normal rainfall occurred in August, September and early October. The topsoil is dry and subsoil moisture is being depleted rapidly as the crop advances to the heading stage and beyond to early grain-filling. Additional moisture is needed in Buenos Aires Province as well. Spring sowing of maize has been delayed in northern Buenos Aires and Santa Fe because of dry weather. In Brazil, favorable moisture conditions for wheat growth continue as significant precipitation of 25 to 50 mm fell throughout much of Rio Grande do Sul, Santa Catarina and Parana. Soil moisture was generally adequate during September, except for some dryness in the southern-most portion of Rio Grande do Sul. Monthly temperatures were slightly below-normal, with one major frost episode in Brazil's wheat area occurring during mid-September.

MEXICO--Reservoirs remain abnormally low over most of the northwest as the rainy season tapered off. Only about three-fourths of normal rainfall over the watersheds in September and the first half of October indicates a limited water supply and diminished prospects for some of next year's crops. However, rain fell last week over some northern tomato areas of Sinoloa, which was both a hindrance and a benefit. Dry soils plagued non-irrigated northeastern citrus from Montemorelos to C. Victoria; only about 25 percent of the normal rain fell in September. Moderate showers last week will help size late season fruit. Soil moisture was quite plentiful in the Southern Plateau corn belt in September with the crop in varied stages. Dry weather last week favored harvesting of the early crop. Warm, sunny weather aided the cotton harvest over most areas in September and early October. However, excessive wetness at Chihuahua was not helpful. Heavy rains since mid-September from Veracruz to the central Yucatan Peninsula have hurt some rice, corn and beans.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 14, 1980		Change from previous week	A year ago
	Dollars per metric ton	Dollars per bu.	Cents per bu.	Dollars per metric ton
Wheat:				
Canadian No. 1 CWRS-12.5%..	1/	1/	1/	210.00
U.S. No. 2 DNS/NS: 14%.....	219.00	5.96	+14	202.00
U.S. No. 2 DHW/HW:13.5%....	226.00	6.15	+16	207.00
U.S. No. 2 S.R.W...........	226.00	6.15	+30	192.00
U.S. No. 3 H.A.D...........	310.00	8.44	+49	263.00
Canadian No. 1 A: Durum....	1/	1/	1/	271.00
Feedgrains:				
U.S. No. 3 Yellow Corn.....	167.00	4.24	+6	144.00
U.S. No. 2 Sorghum 2/......	176.00	4.47	+8	148.00
Feed Barley 3/.............	184.00	4.00	+15	166.00
Thailand Tapioca...........	172.85	--	+0.15 5/	--
Soybeans:				
U.S. No. 2 Yellow..........	346.75	9.44	+48	269.75
Argentine 4/...............	340.00	9.25	+49	278.00
U.S. 44% Soybean Meal (M.T.)	311.00	--	+15.00 5/	238.00
EC Import Levies				
Wheat 6/...................	110.45	3.01	+3	108.04
Barley.....................	87.30	1.90	+1	85.86
Corn.......................	107.70	2.74	-5	111.64
Sorghum....................	95.35	2.42	-5	109.01

1/ Not available.
2/ Optional delivery: U.S. or Argentine Granifero Sorghum.
3/ Optional delivery: U.S. or Canadian Feed Barley
4/ Optional delivery: Brazil Yellow
5/ Dollars per metric ton.
6/ Durum has a special levy.
NOTE: Basis Nov. delivery.

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